



ENERGY ASSURANCE DAILY

Wednesday Evening, September 14, 2016

Major Developments

Update: Colonial Pipeline Estimates 6,000 Barrels of Gasoline Leaked from Its 1.37 Million b/d Line 1 in Alabama since September 9; Projected Weekend Restart Unchanged

Colonial Pipeline Co. on Wednesday said a leak from its 1.37 million b/d Line 1 has spilled an estimated 6,000 barrels of gasoline since it was discovered on September 9 near Helena, Alabama. The company had shut down its main gasoline and distillate lines – Lines 1 and 2 – on Friday after discovering the leak, but has since restarted the 1.16 million b/d Line 2. Colonial said it expects to restart Line 1 and return it to full service by this weekend. An email from a Colonial spokesperson received by Reuters on Wednesday said the company knew the exact location of the leak, but the cause would take longer to determine. Some traders said it may take longer than estimated to restart Line 1 since the cause of the leak had not yet been determined. Colonial said on Wednesday it can currently operate Line 1 from its Gulf Coast origin to delivery points upstream of the leak site, which helps Gulf Coast refineries clear some product from storage, and would pump gasoline batches on Line 2 as a contingency plan. Line 2 is normally dedicated for distillates only. The spokesman added the company could operate Line 1 downstream of the Atlanta junction once gasoline deliveries on Line 2 are delivered to Atlanta. The Colonial pipeline system connects Gulf Coast refineries with markets across the southern and eastern United States through more than 5,500 miles of pipeline, delivering gasoline, diesel, jet fuel, and other refined products. Lines 1 and 2 run from Houston, Texas to Greensboro, North Carolina, supplying markets in Mississippi, Alabama, Tennessee, South Carolina, and North Carolina. Colonial's Lines 3 and 4 move fuels north from Greensboro to markets in Virginia, Maryland, Pennsylvania, and New Jersey before terminating in the New York Harbor area.

Reuters, 1:58 September 14, 2016

<https://helena.colonialresponse.com/>

Electricity

Update: APS's 1,243 MW Palo Verde Nuclear Unit 1 in Arizona Ramps Up to 31 Percent by September 14

On the morning of September 13 the unit was operating at 12 percent after restarting on September 13. The unit shut from full on September 7 power due to a pressurizer main spray valve that was stuck open.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2016/>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2016/20160908en.html>

AES's 226 MW Huntington Beach Natural Gas-fired Unit 1 in California Shut by September 13

The unit entered an unplanned outage.

<http://content.caiso.com/unitstatus/data/unitstatus201609131515.html>

AEP to Sell Four Power Plants Totaling 5,200 MW to Blackstone, Arclight Joint Venture

American Electric Power (AEP) on Wednesday announced it signed an agreement to sell four power plants totaling approximately 5,200 MW for approximately \$2.17 billion to a newly formed joint venture of Blackstone and ArcLight Capital Partners LLC. The sale agreement includes the 1,186 MW Lawrenceburg natural gas generating station in Lawrenceburg, Indiana; 840 MW Waterford natural gas energy center in Waterford, Ohio; 507 MW Darby natural gas generating station in Mount Sterling, Ohio; and 2,665 Gen. James M. Gavin coal plant in Cheshire, Ohio. AEP announced in January 2015 that the company was exploring strategic alternatives for these power plants, including a potential sale. All the generating capacity is located in the region served by the PJM Interconnection. The sale, expected to close in the first quarter of 2017, is subject to regulatory approvals from the Federal Energy Regulatory Commission, the Indiana Utility Regulatory Commission and federal clearance pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

<http://www.aep.com/newsroom/newsreleases/?ID=1957>

Petroleum

Armed Man Arrest near Phillips 66's 238,000 b/d Bayway, New Jersey Refinery September 12

A man was arrested and charged on Monday with unlawful possession of a weapon after police responded to a report of a suspicious person taking photographs of an oil tank field near Phillips 66's Bayway refinery in Linden, New Jersey, according to the Linden Police Department. On Monday afternoon, police received a report of a man on a bicycle inquiring about taking photographs of the nearby Phillips 66 refinery. Officers spoke to the man, who said he was homeless and taking photographs of interesting sites. The officers then discovered a shotgun and rounds wrapped in plastic, before arresting him on an outstanding warrant.

http://www.nj.com/union/index.ssf/2016/09/homeless_texan_arrested_with_shotgun_near_linden_o.html

<http://www.mycentraljersey.com/story/news/crime/jersey-mayhem/2016/09/13/texas-man-arrested-linden-gun-charge/90303344/>

HollyFrontier Reports Emissions at Its 155,300 b/d Tulsa, Oklahoma Refinery September 8, 9, 12

HollyFrontier Corp reported opacity from the fluid catalytic cracking unit (FCCU) at its 70,300 b/d Tulsa East, Oklahoma refinery on September 12, according to a filing with the Oklahoma Department of Environment Quality. Additionally, the company reported hydrogen sulfide emissions at its Tulsa East refinery on September 8 and hydrogen sulfide emissions from a coker at its 85,000 b/d Tulsa West refinery on September 9.

Reuters, 12:03 September 14, 2016

CVR Reports Malfunction at Its 70,000 b/d Wynnewood, Oklahoma Refinery September 9

CVR Energy reported an unspecified malfunction and excess emissions from the fluid catalytic cracking unit (FCCU) regenerator at its Wynnewood, Oklahoma refinery on September 9, according to a filing with the Oklahoma Department of Environmental Quality.

Reuters, 11:56 September 14, 2016

Update: Motiva to Proceed with Hydrocracker Work at Its 603,000 b/d Port Arthur, Texas Refinery – Sources

Motiva Enterprises will proceed with a two-month overhaul of the hydrocracking unit (HCU) at its Port Arthur, Texas, refinery at the end of September, instead of postponing the work to compensate for lost production at its Convent refinery, sources familiar with the company's plans said on Tuesday. Motiva weighed putting off the overhaul of the 60,000 b/d HCU to make up for production lost after an early August fire idled the HCU at the company's 235,000 b/d Convent, Louisiana, refinery. The 45,000 b/d heavy oil HCU at the Convent refinery is expected to return to partial production by the end of the year.

Reuters, 6:51 September 13, 2016

LyondellBasell Continuing Repairs on VDU at Its 263,776 b/d Houston, Texas Refinery September 14 after Pump Failure September 13 – Sources

LyondellBasell Industries was continuing repairs to a 91,000 b/d vacuum distillation unit (VDU) on Wednesday at its Houston refinery, Gulf Coast market sources said, after it was shut on Tuesday night by a pump failure. Lyondell hopes to restart the VDU as soon as the repairs are completed. The VDU is one of the two vacuum units of the same size at the refinery. The two CDUs at the refinery were operational on Tuesday night, the sources said. Both of the refinery's coking units are also in operation. However, the larger of the two, a 57,000 b/d coker, was operating at a reduced-production level, the sources said. Also running at a reduced-production level is the 90,000 b/d fluidic catalytic cracking unit due to a reduction in steam supply. The refinery's own boiler is closed for repairs and it is relying on steam from power provider Calpine Inc., according to the sources.

Reuters, 11:42 September 14, 2016

Natural Gas

Update: Spectra Says Faster-than-Expected Corrosion Led to April 29 Natural Gas Pipeline Blast in Pennsylvania

Spectra Energy Corp on Tuesday said faster-than-expected corrosion caused a natural gas pipeline blast on April 29, 2016 in Salem Township, Pennsylvania. The area of pipeline that failed had minor corrosion during a 2012 inspection, Spectra said. The company didn't plan to inspect the line again until 2019 because officials anticipated corrosion would grow 2 to 3 percent annually. Instead, the line corroded at a rate of 10 to 15 percent. The company now plans more frequent inspections as a result of the findings.

<http://finance.yahoo.com/news/firm-faster-expected-corrosion-led-131349728.html>

Duke Energy Ohio Modifies Plan for Its Central Corridor Natural Gas Pipeline Extension Project September 13

Duke Energy on Tuesday said it modified its plan for the Central Corridor Pipeline Extension Project in response to community feedback. The company is now proposing to the Ohio Power Siting Board (OPSB) to construct a smaller natural gas pipeline that operates with less pressure. The proposed pipeline would have a 20-inch diameter and operate at approximately 400 pounds per square inch (psi), compared with the original design, which called for a 30-inch pipe with an operating pressure of approximately 600 psi. This newly proposed pipeline will still enable Duke Energy to retire aging propane peaking plants. It will also moderately decrease reliance on natural gas from a single source in the southern part of the company's system that has reached its maximum capacity. The OPSB will decide the final route and may suggest modifications as well.

<https://news.duke-energy.com/releases/duke-energy-ohio-modifies-design-and-identifies-preferred-route-for-natural-gas-pipeline>

Other News

Nothing to report.

International News

Pemex Announces Discovery of 6 New Crude Deposits in Gulf of Mexico

Mexico's state oil company Pemex said on Tuesday it had discovered six new deposits in the Gulf of Mexico, two of super light crude in deep waters, and four of light crude in shallow waters. The company said that in the two deep-water discoveries, the crude had a super light gravity of over 40 degrees API and could have proven, probable and possible (3P) reserves of between 140 million to 160 million barrels of oil equivalent (boe). The company also announced a shallow water discovery of light crude and gas located 30 kilometers off the Gulf coast at 44 meters below the surface with 3P reserves estimated between 50 million to 60 million boe. The discoveries were made a couple of months ago, but were not announced immediately in order to quantify the reserves and guarantee their commercial viability, according to a spokesperson. Pemex estimates its average production will be 1.9 million b/d in 2017, its lowest level since 1980, as a result of the spending cuts.

Reuters, 5:22 September 13, 2016

North Iraq Pipeline Shut Down Due to ‘Technical Defect’ – NOC Oil Sources

An Iraqi oil pipeline pumping around 90,000 b/d from a field near Kirkuk to the Turkish port of Ceyhan via Kurdistan stopped operations on Monday morning due to a “technical defect,” North Oil Company (NOC) sources said on Wednesday. Maintenance teams were working to repair the pipeline, which was expected to resume operations within 24 hours, the sources said.

Reuters, 5:58 September 14, 2016

Energy Prices

| U.S. Oil and Gas Prices September 14, 2016 | | | |
|--|-------|----------|----------|
| | Today | Week Ago | Year Ago |
| CRUDE OIL West Texas Intermediate U.S. \$/Barrel | 43.57 | 45.42 | 44.02 |
| NATURAL GAS Henry Hub \$/Million Btu | 3.06 | 2.82 | 2.66 |

Source: Reuters

Links

This Week in Petroleum from the U.S. Energy Information Administration (EIA)

<http://www.eia.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM & 1:00 PM ET every Wednesday.

Natural Gas Weekly Update from EIA

<http://www.eia.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM ET every Thursday.

ENERGY ASSURANCE DAILY

Energy Assurance Daily provides a summary of public information concerning current energy issues. Published Monday through Friday to inform stakeholders of developments affecting energy systems, flows, and markets, it provides highlights of energy issues rather than a comprehensive coverage. *Energy Assurance Daily* is updated online Monday through Friday after 5:00 p.m. ET. For more information, visit the Infrastructure Security and Energy Restoration (ISER) website at:

<http://www.oe.netl.doe.gov/ead.aspx>

Please direct comments and questions to: ead@oe.netl.doe.gov